



BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

COMMENTS AND RECOMMENDATIONS OF THE OFFICE OF ENERGY SECURITY ENERGY FACILITY PERMITTING STAFF

DOCKET NO. IP6646/WS-07-839

Meeting Date: September 11.....Agenda Item # _____

Company: enXco Development Corporation

Docket No. IP6646/WS-07-839

In the Matter of the Site Permit Application of enXco Development Corporation, dba Wapsipinicon Wind Project, LLC for the 105-Megawatt Wapsipinicon North Wind Project and Associated Facilities in Mower County.

Issue(s): Should enXco Development Corporation (Wapsipinicon Wind Project, LLC) be granted a site permit to construct the 105-Megawatt Wapsipinicon North Wind Project and Associated Facilities in Mower County, Minnesota?

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Relevant Documents

Wapsipinicon Wind Project, LLC's Supplemental Filing August 18, 2008

Commission Order (Docket No. IP6646/WS-07-839).....January 15, 2008

The enclosed materials are work papers of the Office of Energy Security Energy Facility Permitting Staff. They are intended for use by the Public Utilities Commission and are based on information already in the record unless otherwise noted.

This document can be made available in alternative formats; i.e. large print or audio tape by calling (651) 201-2202 (Voice) or 1-800-627-3529 (TTY relay service).

Attached Documents:

1. Map of Wapsipinicon North & Grand Meadow Windfarms
2. Proposed Wapsipinicon North Wind Project Site Permit

(Note: see eDockets (07-839) for Relevant Documents or the PUC Facilities Permitting website for additional documents: <http://energyfacilities.puc.state.mn.us/Docket.html?Id=19234>.

Statement of the Issue

Should the Public Utilities Commission (PUC) grant or deny a site permit to Wapsipinicon Wind Project, LLC, for the second phase of the Wapsipinicon Wind Project now identified as the 105 Megawatt Wapsipinicon North Wind Project?

Introduction and Background

On June 25, 2007, enXco Development Corporation (enXco) filed an application with the PUC for a Site Permit to construct up to 205.5 megawatts (MW) of nameplate wind power generating capacity identified as the Wapsipinicon Wind Project (Docket No IP6466/WS-07-839).

Subsequently, the Wapsipinicon Wind Project was separated into two separate CON projects, each with its own docket number:

- 1) Grand Meadow Wind Farm (Docket No. 07-873 (Grand Meadow CON Docket))¹; and
- 2) Wapsipinicon North Wind Project (Docket No. 08-334 (WWP CON Docket)).

On January 15, 2008, the Commission issued an Order adopting Findings of Fact, Conclusions and Order for the Wapsipinicon Wind Project (WS-07-839) 205.5-Megawatt Large Wind Energy Conversion System in central Mower County, Minnesota.

The January 15, 2008, Order issued a LWECS Site Permit for the 100.5-Megawatt Grand Meadow Wind Farm to enXco Development Corporation.

The January 15, 2008, PUC Order specifically determined that the site permit was adequate, but specifically withheld issuance of a LWECS's Site Permit for the 105-Megawatt Wapsipinicon Wind Project (now Wapsipinicon North Wind Project) until such time as enXco Development Corporation or the entity purchasing the energy or owning the facility can satisfy the CON requirements of Minn. Stat. 216B.243, subd. 2 and Minn. Rules Chapter 7849. In accordance with Minnesota Rule 7836.0500 Subp. 2., a site permit may not be issued until the certificate of need or other commitment requirement has been satisfied. Upon satisfying the CON requirements the Commission stated that it would reconsider LWECS Site Permit issuance for the 105-Megawatt Wapsipinicon North Wind Project.

On April 1, 2008, Wapsipinicon Wind Project, LLC, filed a CON application with the Commission for the Wapsipinicon North Wind Project (08-839). enXco is the sole member of

¹ Xcel Energy agreed to purchase the 100.5 megawatt Grand Meadow Wind Farm pursuant to the terms and conditions of an Asset Sale Agreement and a Turnkey, Engineering, Procurement, and Construction Agreement. On December 25, 2007, the Commission issued an Order that granted Xcel Energy a CON for the 100.5 MW Grand Meadow Wind Farm in Mower County, located on the south half of the site and south of I-90 as illustrated on the accompanying map.

WWP. At the time WWP submitted its CON Application to the Commission, WWP had not yet found a purchaser for the electricity expected to be generated by the Wapsipinicon North Wind Project. However, on April 3, 2008, WWP entered into a power purchase agreement (PPA) with Southern Minnesota Municipal Power Agency (SMMPA). Under the PPA, SMMPA agreed to purchase all of the electricity generated by the Wapsipinicon North Wind Project.

On August 26, 2008, the PUC determined that Wapsipinicon Wind Project, LLC, met the statutory and rule criteria for a certificate of need and granted a certificate of need to Wapsipinicon Wind Project, LLC, for up to 105 MW of wind generation from the Wapsipinicon North Wind Project.

Project Location

The proposed Wapsipinicon Wind Project site is located in central Mower County. I-90 divides the Wapsipinicon North Wind Project and Grand Meadow Wind Farm within the originally proposed site. The proposed site, approximately 51,200 acres in size, is comprised primarily of agricultural lands. The two projects when complete will displace about 137 acres of agricultural lands for roads and turbines. enXco has easements or options on the land necessary within the site to build the project. Land rights will encompass the proposed wind farm and all associated facilities, including but not limited to wind and buffer easements, wind turbines, access roads, electrical collection system, project substation and feeder lines.

Wapsipinicon North Wind Project and Grand Meadow Wind Farm Description

The Wapsipinicon North Wind Project will use up to 70 GE 1.5 megawatt wind turbines and the Grand Meadow Wind Farm 67 GE 1.5 MW turbines. The turbines will be mounted on 80-meter (262 feet) high freestanding tubular steel towers. The blades on the wind turbines are 38.5 meters (126 feet) long. The rotor diameter is 77 meters (253 feet). The electrical collector system will consist of underground 34.5 kV collection and feeder lines. The electrical system and feeder lines will be located along public roads when possible. The Grand Meadow Wind Farm, now in the construction phase will be operational before the end of the year.

Other project components include: all-weather class 5 access roads of gravel or similar materials, pad-mounted step-up transformers, concrete and steel tower foundations, an underground supervisory control and data acquisition system, five permanent meteorological towers, a project substation (permitted by Mower County) located on the north side of I-90 and an operations and maintenance building.

Power from both the Wapsipinicon North Wind Project and Grand Meadow Wind Farm will be delivered to the project substation. From the project substation the power will be delivered via a 6 mile long 161 kV transmission line to the Pleasant Valley Substation located in section 19 in Pleasant Valley Township. Mower County did the necessary permitting on the 161 kV transmission line and associated facilities.

Post-Site Permit Application Update

On August 18, 2008, Wapsipinicon Wind Project, LLC's supplemental filing concerning the Wapsipinicon North Wind Project's Site Permit, indicated that there have not been any material changes, environmental or otherwise, to the Wapsipinicon North Wind Project area since the Site

Permit Application has been filed. WWP also indicated that the characteristics of the Wapsipinicon North Wind Project area that must be examined in accordance with Chapter 7836 of the Minnesota Rules have not changed since the Site Permit Application has been filed.

DOC EFP Staff Analysis and Comments

Because the CON requirement has been satisfied, the Commission is being asked to reconsider Site Permit issuance for the 105-Megawatt Wapsipinicon North Wind Project, based on the record established in this proceeding and in accordance with the Commission Order dated January 15, 2008, in Docket No. 07-839.

No significant issues were identified during the course of the site permit proceeding.

During the Wapsipinicon North Wind Project CON proceedings no significant issues or comments were raised in the record that affects the issuance of a site permit for the Wapsipinicon North Wind Project.

Based on the record of this proceeding, OES EFP staff concludes that the Wapsipinicon North Wind Project has met the procedural requirements and the criteria and standards for issuance of a site permit identified in Minnesota Statutes and Rules. The site permit application has been reviewed pursuant to the requirement of Minnesota Rules Chapter 7836 (Wind Siting Rules).

OES EFP staff concurs with WWP's supplemental filing indicating that there have not been any material changes, environmental or otherwise, to the Wapsipinicon North Wind Project Area since the Site Permit Application has been filed.

OES EFP staff believes that the requirements of Minnesota Rules 7836.0500 subp. 2 have been met.

EOS EFP staff believes the Commission may adopt its January 15, 2008 Order in its consideration of whether to issue a site permit for the Wapsipinicon North Wind Project, by amending the Findings of Fact, Conclusions and Order with the three following modifications:

Finding 77

All of the above findings pertain to the Applicant's requested permit for a 205.5 megawatt wind project. Xcel Energy has obtained a Certificate of Need for 100.5 megawatts that will be generated by the initial phase of the Wapsipinicon/Grand Meadow Wind Farm Project. On August 26, 2008, the Commission granted a CON to Wapsipinicon Wind Project, LLC for the 105 Megawatt Wapsipinicon North Wind Project located in Mower County. ~~Currently there is no Certificate of Need application pending for the 105 megawatts that is not part of the Grand Meadow Wind Farm, and the Applicant has provided no power purchase agreement or other enforceable mechanism for sale of the power to be generated by the second phase of the project. Expansion of the Project to include this additional 105 megawatts will require proof of compliance with all rules of the Public Utilities Commission. Final action on this future phase of the project should be delayed until the Applicant has complied with Minn. R. 7836.1000, subp. 3 (requiring compliance with Chapter 7836), and Minn. R. 7836.0500, subp. 2 (requiring a certificate of need or other commitment). Issuance of the CON for the~~

Wapsipinicon North Wind Project allows to Commission to reconsider LWECS Site Permit issuance, with conditions, for the 105-Megawatt for the Wapsipinicon North Wind Project to Wapsipinicon Wind Project, LLC.

Conclusions of Law

7. The Minnesota Public Utilities Commission has the authority under Minnesota Statutes section 216F.04 to establish conditions in site permits relating to site layout and construction and operation and maintenance of an LWECS. The conditions contained in the Wapsipinicon North Wind Project proposed site permit issued to enXco Development Corporation for the Grand Meadow Wind Farm are appropriate and necessary and within the Minnesota Public Utilities Commission's authority.

Order

The Public Utilities Commission hereby issues a site permit to ~~enXco Development Corporation~~ Wapsipinicon Wind Project, LLC, in the form attached hereto. The site permit issued by the PUC authorizes ~~enXco Development Corporation~~ Wapsipinicon Wind Project, LLC, to construct and operate ~~the 400.5-105 megawatt Grand Meadow Wind Farm~~ Wapsipinicon North Wind Project Large Wind Energy Conversion System in Mower County in accordance with the conditions contained in the site permit and in compliance with the requirements of Minnesota Statute 216F.04 and Minnesota Rules Chapter 7836 for PUC Docket No. IP6646/WS-07-839.

Proposed Site Permit

The OES EFP Staff has prepared a site permit for the Commission's consideration. Staff has made appropriate administrative changes to the draft site permit to distinguish it from the Grand Meadow Wind Farm Site Permit. These changes address Power Purchase Agreement requirements, project description and name of the Permittee. See Site Permit in Commissioner's packet.

Commission Decision Options

- A. Adopt Proposed Finding, Conclusion and Order that Amends the PUC January 15, 2008 Findings of Fact, Conclusions and Order Adopted by the Commission (PUC Docket No. IP6646/WS-07-839)**
 - 1. Adopt OES EFP staff proposed: Finding 77, Conclusion 7 and Order that amend the January 15, 2008 Findings of Fact, Conclusions and Order.
 - 2. Amend OES EFP staff proposed: Finding 77, Conclusion 7 and Order as deemed appropriate that amend the January 15, 2008 Findings of Fact, Conclusions, and Order.
 - 3. Make some other decision deemed more appropriate.

B. Adopt January 15, 2008 Findings of Fact, Conclusions and Order as Amended that Issue a Site Permit to Wapsipinicon Wind Project, LLC for the Wapsipinicon North Wind Project

1. Adopt Commissions Findings of Fact, Conclusions and Order, adopted by the Commission on January 15, 2008, as amended on September 11, 2008 for the Wapsipinicon North Wind Project/Grand Meadow 205.5-Megawatt Large Wind Energy Conversion System in central Mower County, Minnesota.
2. Amend the Findings of Fact, Conclusions and Order as deemed appropriate.
3. Make some other decision deemed more appropriate.

OES EFP Staff Recommendation: OES EFP staff recommends Options A. 1. and B. 1.